

# ADVANTAGES OF STATE MUNICIPAL LEAGUES

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BY  
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## RESOLUTIONS OF THE LEAGUE OF OHIO MUNICIPALITIES.

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The following resolution was adopted by the League of Ohio Municipalities at its fifth annual meeting, Columbus, February 4 and 5, 1902.

Resolved, That the League of Ohio Municipalities approves the principle of home rule in taxation; home rule for municipal government; a system of public accounting, prescribed and audited by authority of the state, and a measure authorizing municipalities to pay their proportionate shares of the expenses of state municipal conferences and of sending delegates to the same.



## ADVANTAGES OF STATE MUNICIPAL LEAGUES.<sup>1</sup>

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BY ALLEN RIPLEY FOOTE, EDITOR PUBLIC POLICY,  
CHICAGO.

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CO-OPERATION IS THE CAUSE AND RESULT OF CIVILIZA-  
TION.

As men progress in civilization it becomes increasingly more natural for them to co-operate, and they find an increasing number of objects which they can best promote by co-operating. Co-operation is therefore at once the cause and the result of civilization.

The co-operative movement was commenced by the first human beings who grouped themselves for the purpose of protecting one from attacks by brutes in animal and human form, with the fighting strength of all. From that beginning the civilized world has been evolved. To-day the methods and advantages of co-operation are so well defined and understood the tendency toward co-operation has acquired the force of natural law. It has seized upon every form of activity and for every purpose—social, educational, religious, charitable, industrial, commercial, financial and governmental. This great American republic is composed of and contains co-operative organizations so numerous

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1. An address before the League of Ohio Municipalities at its annual meeting, Columbus. February 4 and 5, 1902.

the cataloging of them is impossible. Its political organization is a system of governments within governments. Its social, business and political activities are developed, maintained and carried on by the numberless organizations for mutual purposes, with or without pecuniary profit as an objective point. Every movement for the promotion of the general welfare; for bettering the conditions of those employed in any vocation; for the suppression of evil and for the doing of good is organized in some form of co-operation, and the inherent right of mutual protection through organization is proclaimed as the natural right of every man.

#### PROGRESS CANNOT BE MADE WITHOUT CO-OPERATION.

Every gain for the individual and the general welfare is a result of co-operation. Every person who fails to co-operate with those of his belief or vocation is an obstruction in the pathway of progress. The vocation that is not intelligently organized and directed, inevitably falls behind in the march of improvement. The community that fails to organize its public business upon the lines of the best business organizations is certain to have an inefficient and expensive government. The man who does not educate his brain is self-condemned to expend ten times the physical force he otherwise would to provide for the bare necessities of life. The employer, public or private, who does not provide those in his service with the best possible means and opportunities for becoming experts in their vocations deprives himself of a substantial profit, because he strangles the source of profit by the close-fisted clutch with which he holds his money. Every



progressive man is an active member of one or more organizations, designed to promote the interests of his vocation, whether he be workingman or employer. Every progressive and sound business organization aids in maintaining associations for the promotion of the welfare of its line of business. It send to the annual and special meeting of such associations, at its own expense, its chief officers, managers, heads of departments and superintendents. Such expenses are universally recognized as being good investments. All this is true in every domain of voluntary action. Is there any reason why it should not be as true in the development and promotion of efficiency in the administration of public business?

#### WHY PUBLIC ADMINISTRATION IS LESS EFFICIENT THAN PRIVATE MANAGEMENT.

As is well known, I have always opposed municipal ownership and operation of public service industries on the ground that public management is necessarily less efficient than private management, because it eliminates the factor of self-interest, and for this reason it is impossible for the people to secure an economic gain by transferring an industry from private to public ownership and operation. After reading my testimony given to the United States Industrial Commission on the subject of uniform accounting as a means of regulating public service industries, Professor Frank Parsons wrote me, asking the following question:

“Do you think it possible for men to learn to work as well for public spirit and co-operative benefit, as for private profit and loss?”

To this question I wrote the following answer :

Men will "work as well for public spirit and co-operative benefit as for private profit and loss" when social conditions give them a proper inducement so to do. The principle of self-interest is not confined to money-making. It is present and is an effective force, inducing and directing energy to the accomplishment of any purpose from which one derives satisfaction. All men must have the means of a comfortable living if they are to serve the public well. Add to this the inducement of a certainty of civic honor, or military glory, and the public has and is now obtaining the service of ability of the highest order in its judiciary and army and navy, for a money consideration far below the commercial value such ability would have if applied with equal intelligence, skill and continuity of purpose, to mere money-making. Satisfaction in these cases is not derived from the money payment, but from the social distinction and popular appreciation. Those who seek satisfaction in such compensations are stimulated to action by the force of self-interest as powerfully as they could be if they sought satisfaction in money-making only. As men become civilized the sources from which they derive satisfaction will change. This change will be in the direction of nobility of service for the general welfare. The more intelligent people become, the more will they be certain to accord reasonable compensation and high appreciation to those who serve them well in the vocations of peace as they have done in the vocations of war. The day will come when, instead of one man saying, "It is a disgrace for a man to die rich," all intelligent people



will deem it a disgrace for a man to be rich, as the term "rich" is popularly used. The products of life are property and character. Property is the product of the physical life of the body. Character is the product of the spiritual life of the soul. We know the body is perishable; so is property. We believe the soul is indestructible; so is character. That man who exchanges character for property trades in uneven balance the priceless gem of eternal good for the vanity of a perishable bauble. Give men correct standards to work by, place them in service under conditions that will make every man certain of obtaining all the compensation in money, and all the satisfaction in distinction to which he can claim a just title by virtue of his service record, and the factor of self-interest will not be eliminated from the public service problem. It will be preserved and directed to the winning of satisfaction from other sources than money-making. To the extent in which this is done men will "work as well for public spirit and co-operative benefit as for private profit and loss." Establish a condition under which, if you please, a waterworks superintendent will know that his service record will be known to every municipality in the state, in the whole country, and that the only influence or power that can advance him from the management of the smallest to that of the largest works is the intrinsic value of the merit he writes into his own record, and you have a condition under which the public will be as faithfully and as economically served as it is possible for such service to be rendered for a private corporation. Such a condition cannot exist without a scientific merit and accounting system,

by means of which each man will write his own indelible record in an open book of life.

Until correct standards are established for public accounting we have no correct standards by which to measure the efficiency of private operation. When public accounts are correctly standardized, we can then require private corporations to conform to these standards and demonstrate their claim to superior efficiency. So long as they can prove their superior efficiency, so long will there be no correct economic reason for transferring their business from private to public ownership and operation. A business held by private corporations under these conditions will not be held against the general welfare.

#### MUNICIPALITIES SHOULD CO-OPERATE FOR MUTUAL BENEFITS.

If the administration of municipal governments is ever to become as efficient as the managements of private corporations they must follow the same methods of development and improvement. All business men know the methods followed by great corporations to promote efficiency in the management of the various manufacturing plant or public service industries under their control. The central authority prescribes a uniform system of accounting and reporting which enables exact comparisons to be made of every detail of business management. There is no subterfuge possible in their system of accounting and reporting as to the cost of any operation or product. The commercial life of the organization depends upon its managers knowing the truth. When this system of accounting



and operation has been brought into use the superintendents, heads of departments and managers are called to meet in frequent conferences for the examination and discussion of these reports. Each official is required to explain why the showing of a particular detail under his management is not as favorable as under the management of others. The accounting system being identical a manager cannot gain credit or escape censure by juggling with the figures. There they are, produced under an identical system, in every case, and credit or censure is given, not by favor, but by the records. Such comparisons lead to improvements whenever improvement is possible. The unfavorable showing is accounted for either by conditions for which the manager is not responsible or, if this is not the case, he is shown how to manage his work as efficiently as it is managed by others. If, after being shown how to do it he fails to bring his work up to the standard, he is relegated to the scrap pile along with other inefficient machinery. This is the penalty of incompetency in private business. It must be the penalty of incompetency in public business. A system that will establish the merit and guarantee the advancement of the competent will as surely expose the demerit and secure the removal of the incompetent. To enable municipalities to co-operate effectively for mutual benefit, the state must perform the functions of a controlling corporation, which it is in fact, and prescribe the system of accounting, and it must audit the same. In no other way can uniformity in accounting and reporting by all municipalities in the state be established. This done, the state should provide by general law for the



expenses of a state organization of municipalities by authorizing each municipality to make an annual appropriation for its proportionate share, and to pay the actual expenses incurred in attending annual meetings by its superintendents, heads of departments, executive officials and delegates selected from its council. Under such conditions every municipality would become a member of the state organization and would be represented in its annual meetings by the men who need to learn if anyone in the state is managing their special branches of the public service more efficiently than they are, and if so, how they do it. If the published reports show a greater relative cost in any department or for any item in one municipality than in others, the officials of the municipality will have opportunity to satisfy their competitors why the excessive cost is necessary in their case, or, failing this, they will learn how to cut down that cost. Either result will make for good government in that particular municipality.

The practical result of such comparisons and conferences will be to show that no municipality is best in all things nor none worst in all things. In some things each may be best and in some things worst. The essential thing is to find where the best work is being done, who is doing it and by what methods he has succeeded in excelling. Equipped with this knowledge, every representative can return to his municipality prepared to improve the efficiency of his department. From such work good municipal government is certain to be evolved. There is not an honest and intelligent mind in this state that can maintain that the benefits

to be derived by municipalities from a system of accounting, reporting and conferences, such as is herein advocated, will not be productive of economies, improvements and benefits worth to the people an hundred times the costs involved. Talk about saving money for consumers by owning and operating public utilities! In this system of perfecting the administration of municipal affairs there is opportunity to save more money for municipal taxpayers than the entire net income of all the public service utilities operating within their limits. And there is still another value—this system will stimulate civic pride. It will make it honorable for capable men to serve the municipality and will demonstrate their worth so they can afford to enter the public service as a profession, and devote their lives to the service of the public. This system will make it possible for men to learn to “work as well for public spirit and co-operative benefit as for private profit and loss.” Until this system is well established private corporations have nothing to fear from municipal competition in the ownership and operation of public service industries, because, under conditions as they now exist, and as they will continue to exist until the practical measures for increasing the efficiency of municipal administrations herein advocated are adopted and carried into effective operation, municipal ownership and operation will be ownership and operation by the least capable in competition with the most capable.

MEASURES THAT SHOULD BE ENACTED BY THE LEGISLATURE NOW IN SESSION.

1. A bill to provide for and establish a uniform system of accounting for all public accounts, to be prescribed and audited by the auditor of state.

Such a bill has been proposed by the Ohio State Board of Commerce. It is herewith submitted to the League of Ohio Municipalities for indorsement, and to secure active co-operation in aiding its enactment.

2. A bill authorizing all municipalities to pay from public funds their proportionate share of the expenses of an annual municipal conference of the League of Ohio Municipalities and the expenses incurred in attending this conference by superintendents, heads of departments, executive officials and delegates selected from municipal councils.







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